

Message Text

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ACTION STR-05

INFO OCT-01 IO-13 ISO-00 STRE-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05
SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
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USMTN

BRUSSELS ALSO FOR USEEC

ACTION STR

E.O. 11652: N/A
TAGS: MTN, ETRD, GATT
SUBJECT: TARIFF DISCUSSIONS IN GENEVA - EC MEMBER STATES

1. MTN DEL MET IN GENEVA ON SEPT. 15 SEPARATELY WITH REPRESENTATIVES OF FOUR KEY EC MEMBER STATE DELEGATIONS. WE SOUGHT TO GIVE THEM A CLEAR UNDERSTANDING OF THE NEW U.S. TARIFF APPROACH, AS WELL AS OUR DETERMINATION TO HAVE KEY ELEMENTS OF THE TARIFF PLAN ADOPTED BY OCT. 1. ALL FOUR MEMBER STATE DELS WERE TO ATTEND THE SEPT. 16 113 COMMITTEE MEETING IN BRUSSELS WHICH WILL TAKE UP THE TARIFF FORMULA QUESTION.

2. UNITED KINGDOM. MTN DEL (BALE AND MARSH) MET WITH KEVIN BURNS OF UK MISSION. BURNS EXPRESSED PERSONAL DOUBTS CONCERNING AGREEMENT ON A COMPREHENSIVE PLAN BY OCT. 1, BUT OBSERVED THAT

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IF AMBASSADOR STRAUSS REALLY WORKED HARD ON THE EC COMMISSION, MUCH COULD PROBABLY BE ACCOMPLISHED. THIS TYPE OF PRODDING BY THE UNITED STATES WOULD BE NEEDED THROUGHOUT THE NEGOTIATIONS SINCE, HE SAID, THE COMMISSION WAS WOEFULLY SLOW AND LACKS BRIGHT HEADS TO HELP MOVE THINGS ALONG. FOR THE UK'S PART, THEY WOULD PREFER TO BE MORE FORTHCOMING ON THE TARIFF FORMULA, PUSHING FOR SOMETHING BETTER THAN Y EQUALS X ITERATED THREE

TIMES, BUT INTERNAL POLITICS (E.G., PARTICULARLY RESTIVE FEELING WITHIN THE BRITISH LABOR MOVEMENT) MADE TAKING SUCH A POSITION IMPOSSIBLE AT THE PRESENT TIME. UNDER THE CIRCUMSTANCES, BURNS OBSERVED THAT IT MIGHT BE BEST TO DO AS MUCH AS POSSIBLE BY OCT. 1 AND THEN PUT TARIFFS ON THE BACK BURNER. IF PROGRESS IN OTHER AREAS LINKED TO TARIFFS WAS THEN GOOD (E.G., SAFEGUARDS WHICH BURNS STATED IS THE MOST IMPORTANT UK INTEREST ITEM AT PRESENT TIME), A MORE LIBERAL POSTURE BY THE UK AND OTHERS MIGHT MAKE A DEEPER TARIFF FORMULA FEASIBLE LATER ON.

3. THE UK NEEDS EXCEPTIONS, REGARDLESS OF THE FORMULA CHOSEN. BURNS DOUBTED UK WOULD GO ALONG WITH A NO EXCEPTIONS INITIAL OFFER. ANY REDUCTIONS ON SEVERAL PRODUCT CATEGORIES IN THE 5 TO 10 PERCENT RANGE OF THE CXT WOULD CAUSE ACUTE POLITICAL PROBLEMS IN THE UK. ACCORDINGLY, THE UK IS NOT ATTRACTED TO A FORMULA WHICH IS DEEPER CUTTING IN THIS RANGE.

4. BURNS OBSERVED THAT HE HOPED STRAUSS WOULD SEE ROBIN GRAY DURING HIS EUROPEAN VISIT SINCE GRAY WAS PROBABLY THE MOST ARTICULATE LIBERAL TRADE SPOKESMAN WORKING AGAINST THE PROTECTION-IST PRESSURE AT WHITEHALL.

5. THE NETHERLANDS. MTN DEL (BALE AND MARSH) EXPLAINED U.S. APPROACH TO FEIJ. HE CAUTIONED THAT THE NETHERLANDS WOULDN'T HAVE MUCH (LIBERALIZING) INFLUENCE AT THIS OR FUTURE 113 COMMITTEE MEETINGS. FEIJ THOUGHT THE U.S. AND EC NOW WERE VERY CLOSE LIMITED OFFICIAL USE

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TOGETHER ON THE FORMULA AND OBSERVED THAT THE NEW U.S. PROPOSAL AND THE EC FORMULA (FOUR ITERATIONS) WERE LITTLE DIFFERENT IN EFFECT OVER THE 5 TO 20 PERCENT DUTY RANGE. HE THOUGHT THAT IF GETTING A PLAN BY OCT. 1, FLOUNDERED, IT WOULD BE BECAUSE NO SOLUTION WAS FOUND ON EXCEPTIONS. THE DUTCH SEE A LOT OF INDUSTRIAL ADJUSTMENT PROBLEMS AHEAD, AND AS A RESULT DON'T THINK THAT A FORMULA CUT WITHOUT EXCEPTIONS IS POSSIBLE. FEIJ'S OWN IDEA IS TO HAVE COUNTRIES SUBMIT A NO EXCEPTIONS INITIAL OFFER WITH THE PROVISIO THAT IN THE FUTURE X PERCENT OF THE TRADE COVERAGE OF ONE'S OFFERS COULD BE RESERVED FROM REDUCTIONS. (FEIJ VIEWS A NEW SAFEGUARDS CODE AS TOO STRICT A PROCEDURE TO ACCOMMODATE THE OFF-AND-ON ADJUSTMENT PROBLEMS WHICH WILL CROP UP IN THE NEXT 5 TO 10 YEARS.) MTN DEL SUGGESTED THAT USE OF A FLEXIBLE STAGING PROVISION MIGHT SERVE THE SAME PURPOSE AS FEIJ'S.

6. FEIJ PROMISED TO PUSH BRUSSELS TOWARD QUICK AGREEMENT ON A PLAN, OBSERVING THAT FROM HIS OWN EXPERIENCE IN THE KENNEDY AND DILLON ROUNDS, THE REAL NEGOTIATING ONLY BEGINS AFTER OFFERS ARE FORMALLY TABLED.

7. GERMANY. IN MCNAMARA'S MEETING WITH LUTZ OF GERMAN MISSION, LUTZ SHOWED NO ENTHUSIASM FOR PUSHING A DEEPER CUTTING FORMULA

AT THE 113 COMMITTEE MEETING. HE OBSERVED THAT HIS GOVERNMENT FAVORED FOUR ITERATIONS OF Y EQUALS X, BUT THE GREAT DANGER NOW IS THE FACT THAT A MAJORITY OF MEMBER STATES NOW SEEM TO BE WILLING TO BACKSLIDE TO THREE ITERATIONS. HE OBSERVED THAT THE DISTURBING INDICATORS OF A GERMAN ECONOMIC SLOWDOWN WON'T PERMIT GERMANY TO BE AS POSITIVE A FORCE IN THE COMMISSION FOR A MAJOR MTN RESULT AS IT ONCE WAS.

8. DENMARK. OSTENFELD SAID DENMARK NOW THINKS IT IS PREFERABLE TO SUPPORT EC COMMISSION EFFORTS TO GET SEVERAL RELUCTANT MEMBER STATES WHO ARE UNENTHUSIASTIC ABOUT MTN TO ACCEPT Y EQUALS X ITERATED THREE TIMES, ENABLING TABLING OF A NO EXCEPTIONS INITIAL OFFER. DENMARK'S OWN EXCEPTIONS LIST WOULD BE QUITE SMALL, UNDER ANY FORMULA BUT THOSE THAT OTHERS WOULD DEMAND IF A DEEP LIMITED OFFICIAL USE

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CUT IS ADOPTED WOULD JUST MAKE IT THAT MUCH HARDER FOR DENMARK TO GET WHAT IT NEEDS FROM THE U.S. IN OTHER AREAS (READ AGRICULTURE). DENMARK WAS VERY SKEPTICAL ABOUT PROSPECTS OF AGREEMENT ON TARIFF PLAN BY OCT. 1.

9. DRAFTED BY MARSH. MCDONALD

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Copy: SINGLE
Sent Date: 16-Sep-1977 12:00:00 am
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Disposition Approved on Date:
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